

Welfare 'Reform' Bill

ACOSS briefing note



"People are hurting"

February 2018

The Welfare 'Reform' Bill must be opposed

The *Social Services Legislation Amendment (Welfare Reform) Bill 2017* cuts payments to people experiencing disadvantage.

The Bill makes it more difficult for people to access payments by tightening up claim requirements and limits exemptions from mutual obligation for people with drug or alcohol dependency.

It also substantially tightens compliance arrangements for people who are unemployed despite Australia having some of the strictest job search obligations in the OECD.

The effect of the Bill would be to increase the financial hardship already faced by people on inadequate incomes by further cutting inadequate income support for people most in need.

If the Welfare 'Reform' Bill is passed:

- Over 80,000 people in need will lose income support payments, including people who have lost their job, people escaping domestic violence, people who are homeless and people in hospital. Others looking for work will get a lower first payment.
- People who are unemployed will no longer be back-paid to the day they first lodged their claim, effectively imposing a multiple-week wait for payment depending on how long the Department takes to process claims.
- 80,000 people looking for work will have their income support payments cut under the compliance changes, despite the fact that people are already receiving eight-week payment suspensions, and skipping meals and medications to survive.
- Legislated protections for people on income support will have been removed.
- Centrelink and job service providers will determine a person's dependence on alcohol or drugs as a compliance issue punishable by loss of income support, rather than what it is - a health issue.

ACOSS strongly opposes this Bill

ACOSS strongly **opposes** the *Social Services Legislation Amendment (Welfare Reform) Bill 2017*.

There is no sound policy basis for the Welfare Reform Bill measures and they should be opposed or amended.

We urge government to commit to an independent review of the jobseeker compliance framework before any reform is embarked upon.

We do not support punishing people for the sake of punishment.

In detail:

Schedules 1-7: Creation of Jobseeker Payment and cessation of other payments **AMEND** so that:

1. The transitional payment for Wife and Widow B Pensioners be indexed.
2. The 200 Wife Pension recipients living overseas continue to receive a pension payment.
3. The Bereavement Allowance be retained as a separate payment, paid at its current rate with current indexation, and not rolled into the Jobseeker Payment.

Schedule 9: Change in activity test requirements for people aged 55-59 **OPPOSE**

Schedule 10: Start day for some participation payments **OPPOSE**

This measure removes normal backpay provisions for people claiming an unemployment payment by moving the 'start day' to the day the person connects with their job service provider.

At the moment, people do not receive their payment until they connect with their job service provider, but they are backpaid to the day they lodged their claim (minus any regular waiting periods that must be served).

This measure should at least be amended to ensure that people applying for unemployment payments are not financially penalised for the length of time it takes for the Department of Human Services to process a claim for payment, which can be up to several weeks.

The Rapid Connect component of this schedule will not improve employment outcomes. People already need to connect with their employment service provider quickly.

Schedule 11: Removal of intent to claim provisions **OPPOSE**

This schedule removes legislated protection for people in difficult circumstances who cannot lodge a completed claim.

The Intent to Claim protections are there to ensure that eligible claimants can secure access to payment quickly because of their difficult circumstances.

Without legislation, all claims are likely to take longer, harming vulnerable groups including (but not limited to): people escaping domestic violence; people who are homeless; people in hospital; people going through a separation or divorce; refugees; and people who are victims of a natural disaster or fire.

Without legislation, these provisions could change or be removed without parliamentary oversight.

Schedule 12 – Establishment of a drug testing trial **ALREADY OPPOSED AND REMOVED FROM BILL**

Schedules 13 & 14 - Removal of exemptions for drug and alcohol dependence and changes to reasonable excuse **OPPOSE**

These measures remove exemptions and reasonable excuse provisions on the basis of drug or alcohol dependency unless the person undergoes treatment as directed by an employment service provider or Centrelink.

This will increase the rate of non-compliance and loss of payment for people using drugs and/or alcohol. It could cut the incomes of people who fail to complete treatment that they have been forced to undergo.

This is the wrong approach to helping people who have addiction.

It will see employment service providers and Centrelink making decisions as to whether someone needs treatment for addiction, which is inappropriate.

It also removes activity test exemptions for people whose drug or alcohol use has led to other vulnerabilities (such as eviction). Very vulnerable people would lose payment because of the proposed compliance regime.

Schedule 15 - Targeted compliance framework

OPPOSE and review current system.

If it goes through, it must be amended to allow waivers, make the Department of Human Services the decision maker for loss of points, cap the number of weeks of payment lost, and allow people to re-engage and not lose payment.

The proposed demerit point system has some good components but these are cancelled out by the lack of waiver provisions and allowing employment service providers to impose point penalties.

If this schedule goes through, 80,000 people will lose payment in the first 12 months including:

- People with undisclosed vulnerabilities (domestic violence, mental health, homelessness)
- People with limited understanding of bureaucracies
- People with poor access to communication
- People who speak English as a second language
- People with drug or alcohol dependence (because of the restrictions to exemptions and reasonable excuse elsewhere in the bill).

The vast majority of people seeking work fail to comply with their requirements at some stage. People's lives are complicated and mistakes happen. Employment services often fail to pass on information and it is difficult to report reasonable excuses to Centrelink.

At the moment, job service providers do not have the power to apply a financial penalty for failure. They instead recommend to the Department whether or not a penalty should apply. They have a high error rate when recommending a penalty apply (40-50%), normally because they have failed to accept a reasonable excuse. It is therefore hugely risky to grant them power to decide whether someone has failed to meet requirements without a reasonable excuse.

People who repeatedly fail to comply often have underlying issues that go undisclosed to Centrelink or their job service provider. These people will likely lose payment.

There are no waiver provisions, meaning that people will lose payment regardless of their circumstances, including if they have children.

Loss of payment for up to four weeks could increase homelessness, depression, anxiety and destitution in our community.